

**FIRST AMENDMENT TO
CONTRACT NO. T-2327 (A63371)**

This First Amendment to Contract Number T2327 (A63371) (the "Amendment") is made this 19th day of January, 2006, among the Division of Purchase and Property in the Department of the Treasury of the State of New Jersey (the "Division"), on behalf of the Division of Pensions and Benefits in the Department of the Treasury of the State of New Jersey (the "Administrator"), and The Prudential Insurance Company of America, a corporation with its principal office and place of business in Newark, New Jersey ("Prudential").

Background

Pursuant to N.J.S.A. 52:18A-163 et seq. the New Jersey State Employees Deferred Compensation Board (the "Board") established the New Jersey State Employees Deferred Compensation Plan (the "Plan"). The Board has delegated the administration of the Plan to the Administrator, either solely or in conjunction with one or more private organizations that contract with the Board for the performance of administrative duties. After evaluating proposals submitted in response to a Request for Proposals ("RFP"), the Division awarded Contract No. T-2327 to Prudential in August 2005 (the "Contract"). Pursuant to the Contract, Prudential began to provide certain administrative services to the Plan, including paying agent services for distributions to participants who have account balances with Prudential on or after January 2, 2006.

In the interest of efficiency during the transfer of account balances from the Administrator to Prudential, the Administrator desires to modify the Scope of Work set forth in the Request for Proposals to include certain administrative and paying agent services with respect to requested distributions accepted by the Administrator during the month of December 2005 and to be paid after January 2, 2006. Prudential has agreed to provide these services without charge in accordance with the terms and conditions of this Amendment.

NOW, THEREFORE, the parties agree as follows:

1. **SERVICES PROVIDED.** Prudential shall provide the following services:
 - a. Payment Processing. Subject to the terms of this Amendment, Prudential will pay (via check and electronic fund transfer) all participant requested distributions from the Plan accepted by the Administrator during the month of December 2005 (the "Distributions").
 - b. Tax Reporting. Prudential will perform associated tax reporting for the Distributions. The Distributions will not have State taxes withheld. The State of New Jersey will be reported as the taxable state for Form 1099-R purposes.
2. **RECORDKEEPING/DISTRIBUTION INFORMATION.** On or before 12:00 noon (Eastern Time) on January 23, 2006, the Administrator shall provide to Prudential a file in good order with the Distribution information (the "Distribution File"). The Distribution File shall include information regarding the identity of the participants receiving Distributions, the forms and amounts of benefit payments, plus any information Prudential reasonably requires to deliver the Distributions and comply with applicable tax reporting. The Administrator shall be solely responsible for the accuracy and completeness of the Distribution File and the related Plan recordkeeping. The content and format of the Distribution File shall be as agreed to by the parties.
3. **FUNDING.** Prudential shall have no obligation to process the Distributions until the Administrator funds them in advance. Prudential will not process any Distributions until all Distributions are fully

funded. The Administrator shall fund the Distributions via ACH Credit (bank wire) to a non-interest bearing account designated by Prudential.

4. **PROCESSING/TESTING.** The Administrator and Prudential shall take all actions reasonably required to carry out the intent of this Amendment, including appropriate systems modifications and testing. The parties shall cooperate in addressing any processing errors or failures. Prudential shall follow its standard operating procedures for the handling of returned or unclaimed checks and rejected electronic fund transfers.
5. **LIABILITY.** Prudential's liabilities under this Amendment shall be solely to make the payments required under this Amendment, and Prudential shall not be liable for any damages in excess of such payments due to any errors or omissions on the part of the Administrator.
6. **EXPENSES.** Except as otherwise expressly provided herein, each party shall bear all expenses required for the performance of its obligations under this Amendment.
7. **CONFIDENTIAL INFORMATION.** Prudential acknowledges that it may be provided with, or exposed to, confidential and proprietary information ("Confidential Information"). In recognition of the foregoing, Prudential agrees that it shall: (i) keep and maintain all Confidential Information in strict confidence, in order to avoid unauthorized use or disclosure; (ii) not disclose any Confidential Information to any outside person without the Administrator's prior written consent; (iii) not make use of any Confidential Information for its own purposes or the benefit of any outside person; and (v) take no action with respect to Confidential Information that is inconsistent with its confidential and proprietary nature. Check and electronic fund stubs for Distributions will conceal participant Social Security numbers, but, consistent with Prudential's standard practice, will not conceal participant bank account and routing numbers.

The Administrator acknowledges that it may be provided with, or exposed to, confidential and proprietary information of Prudential ("Prudential Confidential Information"). Prudential hereby acknowledges that the Administrator is a public agency subject to New Jersey state laws, regulations and policies and applicable case law, including, without limitation, the Open Public Records Act (N.J.S.A. 47:1A-1 et seq.) and the Open Public Meetings Act (N.J.S.A. 10:4-6 et seq.) (together, the "Public Record Acts"). The Administrator agrees that it will, to the extent reasonably applicable, assert an exemption under the Public Records Acts (including the exemption provided for trade secrets and proprietary commercial or financial information) and any other public disclosure law to protect Prudential Confidential Information from disclosure and agrees not to disclose such information unless required by the Public Records Acts.

8. **TERMINATION.** This Amendment shall terminate automatically after the processing and tax reporting of the Distributions. If the Administrator fails to provide Prudential with the Distribution File, in good order, on or before 12:00 noon (Eastern Time) on January 23, 2006, then the Amendment shall terminate *ab initio*, and Prudential shall have no obligation to perform services under this Amendment, unless Prudential agrees otherwise in writing.
9. **GOVERNING LAW.** This Amendment shall be governed by and construed in accordance with the internal laws of the State of New Jersey without giving any effect to the conflicts of laws principles thereof.
10. **CONTINUATION OF CONTRACT.** To the extent such terms and conditions are not inconsistent with this Amendment, all terms and conditions of the Contract shall apply to this Amendment.
11. **EXECUTION IN COUNTERPART.** The parties agree that the Amendment may be executed in counterpart, each original signed page to become part of the original document.

IN WITNESS WHEREOF, the undersigned have executed this Amendment by their duly authorized officers.

**DIVISION OF PENSIONS AND
BENEFITS IN THE DEPARTMENT OF
THE TREASURY OF THE STATE OF
NEW JERSEY**

(Administrator)

**THE PRUDENTIAL INSURANCE
COMPANY OF AMERICA**

(Prudential)

By: _____

Robert A. Luciani

Title: *Vice President, Relationship Management*

Date: _____

Date: *1/20/06*

**DIVISION OF PURCHASE AND
PROPERTY IN THE DEPARTMENT OF
THE TREASURY OF THE STATE OF
NEW JERSEY**

(Administrator)

**REVIEWED AND APPROVED AS TO
FORM**

**NANCY KAPLEN
ACTING ATTORNEY GENERAL OF
THE STATE OF NEW JERSEY**

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

IN WITNESS WHEREOF, the undersigned have executed this Amendment by their duly authorized officers.

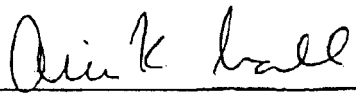
**DIVISION OF PENSIONS AND
BENEFITS IN THE DEPARTMENT OF
THE TREASURY OF THE STATE OF
NEW JERSEY**

(Administrator)

By _____

**DIVISION OF PURCHASE AND
PROPERTY IN THE DEPARTMENT OF
THE TREASURY OF THE STATE OF
NEW JERSEY**

(Administrator)

By: 
Title: ALICE K. SMALL
Associate Deputy Director
Div. Purchase & Property
Date: 1/20/06

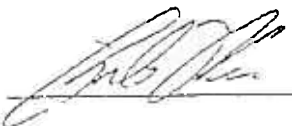
**THE PRUDENTIAL INSURANCE
COMPANY OF AMERICA**

(Prudential)

By: _____
Title: _____
Date: _____

**REVIEWED AND APPROVED AS TO
FORM**

**NANCY KAPLEN
ACTING ATTORNEY GENERAL OF
THE STATE OF NEW JERSEY**

By: 
Title: DEPUTY ATTORNEY GENERAL
Date: 1/20/06

IN WITNESS WHEREOF, the undersigned have executed this Amendment by their duly authorized officers.

**DIVISION OF PENSIONS AND
BENEFITS IN THE DEPARTMENT OF
THE TREASURY OF THE STATE OF
NEW JERSEY**

(Administrator)

By: 

Title: Manager / Fiscal Resources

Date: Jan 20, 2006

**DIVISION OF PURCHASE AND
PROPERTY IN THE DEPARTMENT OF
THE TREASURY OF THE STATE OF
NEW JERSEY**

(Administrator)

By: _____

Title: _____

Date: _____

**THE PRUDENTIAL INSURANCE
COMPANY OF AMERICA**

(Prudential)


By: _____

Title: _____

Date: _____

**REVIEWED AND APPROVED AS TO
FORM**

**NANCY KAPLEN
ACTING ATTORNEY GENERAL OF
THE STATE OF NEW JERSEY**

By: 

Title: DEPUTY ATTORNEY GENERAL

Date: 1/20/06